

Selected Data from Form ETA 581 Quarter Ending December 31, 2001

Subject Employers

The number of employers subject to state unemployment compensation laws totaled 6,926,447 as of December 31, 2001. This is an increase of 105,944 (1.6%) employers over the same quarter 1 year ago, and is 45,669 more employers than at the end of September 2001. These totals include an estimate of 3,600 employers for the Virgin Islands. Accounts for 189,467 employers were terminated or inactivated during the quarter.

Status Determination Promptness

Status determinations establishing liability for new employers totaled 191,905 of which 80% were completed within 90 days or less from the end of the quarter in which the employer first became liable. The promptness rate increased to 90.3% for the “180 days or less” period. Compared to the preceding quarter, 14,000 fewer determinations were made and performance for the 90-day measure improved by 0.4 percentage points but dropped by 0.9 percentage points for the 180-day measure. With the exception of Missouri (57%), all states performed above 60% for the 90-day measure, including 29 states with scores above 80%. Kansas (96%), Colorado (95.5%), Rhode Island (94.7%), and Utah (93.8%) performed above 90%. For the 180-day measure, performance ranged from 77% (Delaware) to 98.8% (Colorado). Delaware, Missouri (78.1%), and Maryland (79.3%) scored below 80% while Colorado, Kansas (98.5%), and Rhode Island (97.4%) scored at the highest range.

Approximately 64% of 26,512 status determinations for successor employers were completed within the 90-day period. The promptness rate increased to 77.5% for the 180-day period. The number of determinations was 7,800 fewer than for the preceding quarter but performance was 4.5 percentage points higher for the 90-day measure and 4.5 percentage points lower for the 180-day measure. Thirty-one states exceeded the average for the 90-day measure with Washington (92.7%) and Utah (90.3%) above 90%. Thirteen states were above 90% for the 180-day measure.

See Table 1 for each state’s score for status determination promptness.

Filing Reports – Contributory and Reimbursing Employers

Contributory employers were expected to file over 6.7 million contribution and wage reports during the quarter, of which 88.3% were received by the due date (filed timely). By the end of the quarter, an additional 4.2% of reports were received as the results of voluntary filing or additional state enforcement efforts for a score of 92.5% for “secured” reports. The percent of reports filed timely and secured increased slightly over the preceding quarter by 1.0 and 0.2 percentage points, respectively. Twenty-two states reported over 90% of reports filed timely including North Dakota at 99.3%. Three states, Puerto Rico (68.5%), New Jersey (75.5%) and Missouri (77.6%), received less than 80% of reports timely. For the secured measure, six states performed above 98% and five states scored below 89%.

The “resolved” measure indicates, as of the end of December, the status of reports that were due during the quarter ending June 30, 2001. The 97% score represents a cumulative percentage of the 6,730,768 reports that were filed timely, received but not timely, or resolved by a delinquency action. With the exceptions of New Jersey (78.4%), Puerto Rico (80.1%), and California (88.2%), all states scored above 90% including 19 states exceeding 100%. Where scores exceed 100%, the number of reports received was greater than the number of employers at the time the count of employers was taken for that quarter.

Reimbursing employers filed 88.2% of 89,094 wage reports by the due date and 92.1% of these reports were secured by the end of the quarter. Of the 88,951 reports due for the June 2001 quarter, 94.4% were “resolved” by the end of December 2001. In comparison to the preceding quarter, performance dropped by 0.9 and 0.2 percentage points for “filing timely” and “resolved,” respectively, and remained the same for “secured.” Thirty-eight states exceeded the 87.2% average for “filing timely,” including 14 states with scores above 95%, while four states scored below 70%. For “secured,” scores ranged from 60.3% for Puerto Rico to 100.4% for Texas. All states exceeded 92% for “resolved” except New York (69.6%), Puerto Rico (68.6%), Kentucky (80.4%), and Mississippi (86.7%).

See Tables 2 and 3 for report delinquency scores for contributory and reimbursing employers, by state.

Receivables

Past due contributions and reimbursements rose by 3.6% during the quarter to a total of \$728.3 million. This amount is also \$19.7 million more than at the end of same quarter 1-year ago. Receivables increased in 16 states from both the preceding and 1-year ago quarters. Ten other states reported either an increase or decrease from the preceding or 1-year ago quarter while the remaining 14 states indicated decreases for both periods. Kentucky (\$7.2 million or 33.2%) and California (\$14.5 million or 26.4%) reported the greatest increase in receivables from the preceding quarter. Receivable amounts in Texas decreased by \$7.9 million or 32.1% during the quarter. Changes from the same quarter 1-year ago show an increase from \$8.1million to \$16.2 million (100%) in Mississippi and from \$17 million to \$29 million (70.5%) in Kentucky. Receivables decreased by 58.3% in the District of Columbia and 32.8% in Connecticut during the same period. During the quarter, \$463.7 million in new receivables was established, \$364.6 million was collected, \$13.5 million was declared uncollectible, and \$60.4 million was removed from balances due to age.

See Table 4 for collection activities and state receivable balances as of the end of December 2001.

The breakout of the receivables balance by age show 28.2% at “6 months or less,” 18.3% at 9 months, 13.3% at 12 months, 10.7% at 15 months, and 29.5% at “over 15 months.” The percentage of amounts in the “6 months or less” and “15 month” categories dropped by 11.4 and 1.4 percentage points from the preceding quarter. Amounts rose in the “9 months” category by 5.6 percentage points, by 3.1 percentage points in the “12 months,” and 3.7 percentage points in

the “over 15 months” category. Georgia, Wyoming, and Alaska reported more than 60% of receivables at “6 months or less” and 10% or less at “over 15 months.” In contrast, Delaware reported 10% at “6 months or less” and 73.6% at “over 15 months;” South Carolina reported 7.4% at “6 months or less” and 53.3% at “over 15 months;” and Illinois indicated 0.2% at “6 months or less” and 55.2% at “over 15 months.”

See Table 5 for the percent distribution of receivables by age as of December 31, 2001, for each state.

Audit Activity

The number of employers’ records audited during the quarter equaled 24,446, which was 5,811 fewer audits than in the previous quarter and 744 fewer than for the same quarter 1-year ago. Audits of large employers represented 3.5% of total audits. The average audit covered 4.5 calendar quarters and required 7.4 hours to complete.

A change in the amount of wages and/or contributions previously reported by employers was found in 10,399 or 42.5% of audits. Total wages were underreported by \$327.2 million and overreported by approximately \$101.9 million, for a gross change of \$429.1 million. Contributions were underreported by \$5.5 million and overreported by almost \$1.1 million, for a gross change of \$6.6 million and a net change of approximately \$4.5 million. Net contributions per audit averaged \$182.50 and ranged from \$824 in New Jersey to -\$23 in Alaska. Net contributions per audit hour ranged from \$134 in New Jersey to -\$2.58 in Texas, with a national average of \$24.71.

Forty-three states reported the discovery of 19,891 employees that were previously misclassified as independent contractors by employers. This is 3,818 fewer employees than the number discovered in the preceding quarter and 5,553 fewer than in the same quarter 1-year ago. The numbers ranged from 3,025 employees reported by New Jersey to one employee in Pennsylvania.

See Table 6 for the number of total audits, large employer audits, change audits, average quarters audited and hours spent, and the number of employees discovered misclassified as independent contractors and the change from prior quarters. See Table 7 for the change in total wages and contributions by state.

Charts:

Status Determination Promptness – QE 12/31/2001

Filing Employer Reports – QE 12/31/2001

Change in Age of Receivables Balance, QE 9/30/2001 to QE 12/31/2001

Employees Misclassified as Independent Contractors – QEs 3/31/2000 to 12/31/2001

Tables:

Table 1 – Status Determination Promptness

Table 2 – Filing Reports – Contributory Employers

Table 3 – Filing Reports – Reimbursing Employers

Table 4 – Collection Activities

Table 5 – Percent Distribution of Receivables by Age

Table 6 – Audit Activity

Table 7 – Audit Change in Total Wages and Contributions

**Summary of Selected National Data from Form ETA 581
Quarter Ending December 31, 2001**

Subject Employers

Contributory Employers	6,828,164
Reimbursing Employers	98,283
Total Employers	6,926,447

Status Determination Promptness

	<u>Total Determinations</u>	<u>Percent Completed within:</u>	
		<u>90 days or less</u>	<u>180 days or less</u>
New Employers	191,905	80.0%	90.3%
Successor Employers	26,512	63.9%	77.5%

Employer Report Filing

	<u>Percent Filed Timely</u>	<u>Percent Secured</u>	<u>Percent Resolved</u>
Contributory Employers	88.3%	92.5%	97.0%
Reimbursing Employers	87.3%	92.1%	94.4%

Receivables

Beginning Balance	\$703.1 million	New Receivables	\$463.7 million
Amount Liquidated	\$364.6 million	Declared Uncollectible	\$13.5 million
Removed Due to Age	\$60.4 million	Ending Balance	\$728.3 million

Audit Activity

<u>Total Number of Audits</u>	24,446	<u>Average per Audit:</u>	
No. Large Employer Audits	850	Quarters Audited	4.5
No. Change Audits	10,399	Hours Spent Auditing	7.4

Change in Total Wages:

Underreported	\$327.2 million
Overreported	\$101.9 million

Change in Contributions:

Underreported	\$5.5 million
Overreported	\$1.1 million
Net	\$4.5 million (approx.)

Number of Employees Misclassified as Independent Contractors – 19,891